

CARD ROOM CONNECTION

OFFICIAL NEWSLETTER OF THE WASHINGTON STATE GAMBLING COMMISSION
FOR CARD ROOM EMPLOYEES

January—June 2005 Edition

HOME POKER GAMES: KNOW THE LAW.

With the growing popularity of poker, especially on TV, we are receiving an increased number of questions about poker and what is allowed. Home poker games are permitted in Washington as long as professional gambling does not occur. Generally, this means no fees may be charged for arranging, facilitating, organizing, or operating card games and all money must go back to the players. Persons who are found to be engaging in Professional Gambling are subject to criminal prosecution under Washington State criminal laws. The following may help you determine if you are operating home poker games legally.

Professional Gambling First Degree

RCW 9.46.220

Any person who operates, manages, or profits from the operation of a premises or location where persons are charged a fee to participate in card games is conducting First Degree Professional Gambling, a class B felony. For example, you cannot charge a fee for your friends to play in a poker game. A class B felony has a maximum penalty of ten years in prison, or a \$20,000 fine, or both.

Professional Gambling Second Degree

RCW 9.46.221

Any person who maintains a “gambling premises,” defined in RCW 9.46.0249 as “any building, room, enclosure, vehicle or other place used or intended to be used for professional gambling,” is conducting Professional Gambling in the Second Degree, a class C felony. For example, you let a friend use your house to conduct a poker game and players are charged a fee to play in the game. A class C felony has a maximum penalty of five years in prison, or a \$10,000 fine, or both.

Professional Gambling Third Degree

RCW 9.46.222

Any person who engages in or knowingly causes, aids, abets, or conspires with another to engage in professional gambling and whose conduct does not constitute first or second degree Professional Gambling is guilty of Professional Gambling in the Third Degree. Professional Gambling in the Third Degree is a gross misdemeanor. For example, you play in a game where a fee is being charged, beyond your own gambling winnings. A gross misdemeanor has a maximum penalty of one year in prison, or a \$5,000 fine, or both.



Recent Rule Changes

Transfer Fees for Card Room Employees

WAC 230-04-142

Card room employees (CRE) are charged a transfer fee each time they begin working for a new card room. Previously, transfer fees accrued and were due when the CRE renewed their license. Staff spent a significant amount of time tracking these fees, and accrued fees could be a problem for CREs at license renewal time. Effective July 1, 2005, transfer fees are due when a change in employment takes place (pay-as-you-go), rather than at license renewal time.

NSF Check Processing Charge

WAC 230-04-270

The commission established a \$15 non-sufficient fund check processing charge 24 years ago. Due to increasing costs of doing business, the processing charge was increased from \$15 to \$30. This is the average charged by retailers and banks in the Thurston County area.



Field Agents are trained on these rule interpretations and they are the guidelines we are operating under. If you have any questions, contact your local field agent. The following rule interpretations were made during the last six months:

Recent Rule Interpretations

Last July, we began including recent rule interpretations in this newsletter in order to help ensure consistency in our rule enforcement. Another way we keep you aware of recent rule interpretations is at monthly licensee study sessions. Study sessions are held Thursday mornings prior to each Commission meeting. Study sessions usually begin at 10:00 a.m. for nonprofits, and 11:00 a.m. for commercial businesses.

The Commission meeting schedule for the remainder of the year is on page 8. Study Session agendas are posted on our website one week prior to each meeting. Go to www.wsgc.wa.gov / Public Meeting / Thursday's Commission meeting agenda and click on study session agenda to see items up for discussion and confirm the meeting time.

Please note that many of these interpretations will be converted to rules as we move forward with the *Rules Simplification Project* (see article in the July – December 2004 issue of this newsletter for more about this project). In the meantime, we will continue to relay answers to frequently asked questions in this newsletter and at study sessions.

Card Gaming Tables

WAC 230-02-412, WAC 230-40-030, RCW 9.46.0282

Several questions have arisen regarding the possession, use and storage of gaming tables in a house-banked establishment. The RCW limits the number of tables to the establishment as a whole, while the WAC limits the number of tables on the gaming floor.

A house-banked licensee is able to possess more tables than the license allows but excess tables must be stored in an area of the establishment that is not open to the public at any time. Furthermore, stored tables cannot be used for gambling while not on the gaming floor.

A licensee cannot change a gaming table into some other use, leave it on the gaming floor and add another gaming table. The number of gaming tables on the floor, regardless of use, cannot exceed the number of allowable tables of the license held by the establishment.

OUR MISSION:

PROTECT THE PUBLIC BY ENSURING THAT GAMBLING IS LEGAL AND HONEST.

Card Tournaments for Discontinued Jackpots

WAC 230-40-805(3)(a)(ii), WAC 230-40-610(10)(a)

If tournaments are used to distribute money from a discontinued jackpot, players cannot be charged an entry fee or any buy-ins to play in the tournament. This applies to both house-banked progressive jackpots and player-supported jackpots.

Seeding Player-Supported Jackpots

WAC 230-40-610(1)

Card room operators must only contribute house funds to a player-supported jackpot (PSJ) fund during the initial start-up of the PSJ. An initial seed amount of up to \$5000 may be used to seed the PSJ. No additional house funds can be added after the PSJ fund is established.

Count Team Members

WAC 230-40-885(2)

Count team members must hold a gambling license and not work in the surveillance or accounting department. Furthermore, cage cashiers that review, approve, or prepare records used in the count process cannot be on the count team.

Promotions

WAC 230-40-010, WAC 230-12-045

Any additional merchandise or cash prizes added by operators to non-proprietary card games like Blackjack or Pai Gow, in addition to the normal payouts for such games, are considered a gambling promotion and subject to the limitations imposed by WAC 230-12-045. Additional merchandise or cash prizes may not be added to proprietary card games, games for which casinos pay a fee to operate like Let It Ride or Three Card Poker, without the approval of the company that owns the rights to such games. The approval must be in the form of the company submitting an alternative pay-table that includes the additional or revised prize payout to the Commission for review and approval. These revised pay-tables will then be available for all card rooms in Washington to use. These prizes are now part of the game rules and are considered prize payouts on the game. Because of this, they are not a gambling promotion.



Match Play Promotions

WAC 230-12-045

Licenses may conduct promotions to encourage players to participate in a gambling activity. “Match play” coupons are a typical promotion offered by card rooms to promote their business.

The following interpretations of WAC 230-12-045 are now authorized for use with “match play” and similar coupons:

1. “Match play” coupons do not have any monetary value and therefore, a player cannot “double down” on a “match play” coupon. However, players can double down on chips they wager as long as maximum wagering limits are not exceeded.
2. Since “match play” coupons do not have any monetary value, they are not considered part of a player’s wager in determining the amount wagered by the player. “Match play” gives players an opportunity to be paid more for a winning wager, and does not require them to wager more than the maximum bet limits.
3. “Match play” coupons cannot be awarded as a prize in a Promotional Contest of Chance or as a card game prize.
4. Each card room must decide whether or not they want to allow players to add a second “match play” coupon when a hand is split or a double down wager is made in Blackjack. Card rooms that offer “match play” or other coupons must state in their house rules whether this is allowed or not.
5. “Match play” and other coupon promotions (for example, Lucky Bucks, Free Ace, etc) may be given away to card tournament players as long as coupons are given to all players and are not awarded based on the outcome of the tournament.

**FOR HELP WITH PROBLEM GAMBLING, CALL:
(800) 547-6133**

Administrative Actions Taken For Violating Gambling Rules.

| Name | Violation | Case Outcome |
|--|---|--|
| Phillip Nguyen, Card Room Employee (Formerly employed by Z's Restaurant at Zeppoz, Pullman) | Assault of another casino employee while off duty. | The licensee did not request a hearing; therefore, a Default order was entered at the January 2005 Commission meeting, revoking his license. |
| Bui, Jamie N., Card Room Employee (Formerly employed by New Phoenix and Last Frontier, Vancouver) | Bookmaking. | The licensee failed to respond to charges and a Default order was entered at the May 2005 Commission meeting, revoking his license. |
| Robin Tufono, Card Room Employee (Formerly employed by Cascade Lanes Restaurant and Casino, Renton) | Conspiring to commit robbery. | The licensee failed to respond to charges and a Default order was entered at the March 2005 Commission meeting, revoking his license. |
| Palemia Laupati, Card Room Employee (Formerly employed by Cascade Lanes Restaurant and Casino, Renton) | Conspiring to commit robbery. | The licensee failed to respond to charges and a Default order was entered at the March 2005 Commission meeting, revoking his license. |
| Antonio Stillwell, Card Room Employee (Goldie's Shoreline Casino, Shoreline) | Criminal history and failure to fully disclose history. | A hearing was held and the Administrative Law Judge revoked his license. |
| Hoang Cao, Card Room Employee (Golden Nugget Casino, Tukwila) | Criminal history and failure to fully disclose history. | A hearing was held and the Administrative Law Judge revoked his license. |
| Bounlouane Kongmanichanh, Card Room Employee (Freddie's Club, Fife) | Criminal history and failure to fully disclose history. | A hearing was held and the Administrative Law Judge revoked his license. The licensee filed a Petition for Review, which was heard at the March 2005 Commission meeting. The Commission upheld the Initial Order revoking his license. |
| Ronnie C. Ware, Card Room Employee (Crazy Moose Casino, Pasco, and Coyote Bob's, Kennewick) | Criminal history and failure to pay court-ordered fines. | A hearing was held and the Administrative Law Judge revoked his license. |
| Jon Snowden, Class III Employee (Yakama Legends Casino, Toppenish) | Criminal history, failure to fully disclose history, and failure to comply with court orders. | A hearing was held and the Administrative Law Judge revoked his license. |
| Kim, Andy, Card Room Employee (Formerly employed by Silver Dollar Casino, Everett) | Extension of credit. Taking the house's chips to play poker. | A hearing was held in which the licensee failed to appear. The Administrative Law Judge issued a Default order, revoking his license. |
| Robert G. Peters, Card Room Employee (Formerly employed by Players & Spectators, Spokane Valley) | Extension of credit. Taking the house's chips to play poker. | The licensee failed to respond to charges and a Default order was entered at the March 2005 Commission meeting, revoking his license. |

Administrative Actions Continued.

| Name | Violation | Case Outcome |
|--|---|--|
| Angela M. Pagnossin, Card Room Employee (Formerly employed by Chips Casino, Tukwila) | Extension of credit. Taking the house's chips to play poker. | The licensee agreed to surrender her gambling license and to not hold or re-apply for a gambling license for twelve months. |
| Jerry L. Allen, Card Room Employee (Hawks Prairie Casino, Lacey) | Failure to report illegal activity. | The licensee agreed to a 21 day suspension. |
| Alataua Alataua, Card Room Employee (Formerly employed by Silver Dollar Casino, Tukwila) | Moving a surveillance camera while he exchanged cards that were ready to be destroyed and falsifying records. | A hearing was held and the Administrative Law Judge revoked his license. The licensee filed a Petition for Review, which was heard at the April 2005 Commission meeting. The Commission upheld the Initial Order revoking his license. |
| Adam D. Johnson, Card Room Employee (Formerly employed by Big Daddy's, Spokane) | Removing a purse and its contents from the security room. | The licensee failed to respond to charges and a Default order was entered at the February 2005 Commission meeting, revoking his license. |
| Peapealalo, Faith, Card Room Employee (Formerly employed by Rising Dragon Casino, Tacoma) | Theft of five \$100 chips from the casino cage. | The licensee failed to respond to charges and a Default order was entered at the May 2005 Commission meeting, revoking her license. |
| Michael Schmidt, Card Room Employee (Formerly employed at Silver Dollar Casino, Mountlake Terrace) | Theft of at least \$900 in chips while working as a dealer. | A hearing was held in which the licensee failed to appear. The Administrative Law Judge issued a Default order. The licensee requested the Default order be vacated. A hearing was held and the Administrative Law Judge revoked his license. |
| Sandra L. Froehlich, Card Room Employee (Formerly employed by Crazy Moose Casino, Mountlake Terrace) | Theft of \$100 from the poker podium cash drawer. | The licensee failed to respond to charges and a Default order was entered at the April 2005 Commission meeting, revoking her license. |
| Thoi Truong, Card Room Employee (Midway Casino, Des Moines) | Theft of \$20 while dealing at the Silver Dollar Casino in Mountlake Terrace. | The Administrative Law Judge suspended the license for fourteen days. Commission staff filed a Petition for Review, which was heard at the January 2005 Commission meeting. The Commissioners affirmed the Administrative Law Judge's order, suspending the license for 14 days. |
| Jason Trimble, Class III Employee (Formerly employed by Lummi Silver Reef Casino, Ferndale) | Attempted theft of an \$80 tip while employed as a Tribal Lottery System supervisor at the Silver Reef Casino. | The licensee failed to respond to charges and a Default order was entered at the January 2005 Commission meeting, revoking his certification. |
| Simmons, John, Class III Employee (Formerly employed by Red Wind Casino, Olympia) | Theft of \$400 by overpayment of Tribal Lottery System (TLS) tickets while employed as a TLS attendant cashier. | A hearing was held and the Administrative Law Judge revoked his certification. |

2005 Legislative Update

Several bills related to gambling were introduced during the 2005 Legislative session. However, only the problem gambling bill (SHB 1031) has become law. If you want further information on a bill, check the legislature's home page at www.leg.wa.gov and enter the four digit bill number. Or contact Amy Blume Hunter, Legislative Liaison, at Amyb@wsgc.wa.gov or (360) 486-3463.

***Problem gambling (SHB 1031):**

This new law funds problem gambling (including treatment) through a Business and Occupation tax on commercial and charitable licensees, as well as lottery and horse racing activities. The Department of Revenue will collect this tax, not the Gambling Commission. The tax is based on the gross income of the business (after prizes) and will be 0.1% through June 30, 2006, and 0.13% thereafter. This law became effective July 1, 2005. This new law also nullifies the Problem Gambling Education and Awareness Fee passed by the Commission last November, which was not effective until June 30, 2005, and was set to expire if the Legislature passed a bill to fund problem gambling. The new law exempts licensees with less than \$50,000 in gross income (after prizes). The effect is that about two-thirds of small licensees will not have to pay this tax. The Department of Revenue will collect the tax, not the Gambling Commission.



The following gambling related bills were also introduced, but did not make it through the process. They may be reconsidered during the 2006 Legislative Session:

***Card room gambling taxes (SSB 5287):**

The original bill would have imposed a 10% state tax and would have applied to all commercial card rooms with gross receipts (including poker). This bill was amended to impose a 5% state tax on house-banked card rooms only. The bill would have reduced the maximum local tax cities and counties can collect from 20% to 10%. If the local tax was already above 10%, the licensee would get a credit and the local jurisdiction could not increase the tax beyond the rate it was on January 1, 2005.

***Limiting the number of house-banked card rooms (SSB 5994):** This bill would have limited the number of house-banked card rooms to locations licensed as of March 10, 2005, or that had submitted an application by then, unless the local jurisdiction subsequently enacted an ordinance "prohibiting such gambling."

***Zoning card rooms (SB 5591)**

***Banning internet gambling (SSB 5878)**

Visit us on our website at www.wsgc.wa.gov

Digital Surveillance

By: Collene Engle

Businesses that install, integrate, maintain, or service a card room's digital surveillance system must have a gambling license, if their work gives them direct access to the digital surveillance operating systems. The key is "direct" access to the operating system. That means, if a business provides services that put them in a position to manipulate surveillance recordings to cover irregularities, they will need to be licensed. Both the business and their employees that provide the services must be licensed as a Service Supplier.

Surveillance is an important part of a card room's security and control features. As such, we conduct criminal background checks on persons who may be in a position to manipulate surveillance recordings to ensure they are qualified to access the system. Card room operators must verify that persons providing installation, integration, and maintenance of their digital surveillance systems have a gambling license, if the work gives them direct access to the surveillance system. If you are unsure whether the business or person needs a license or not, call your local field agent (see back page for contact information).

The Service Supplier application can be downloaded from our website at www.wsgc.wa.gov / Forms / Applications.

If you would like an application sent to you or have questions, please let us know:

E-mail: Receptionist@wsgc.wa.gov

Telephone: (360) 486-3440

Toll-free: (800) 345-2529 in-state only



Game Approvals

As you may know, the Commission is in the process of reorganizing staff positions. Part of the reorganization includes eliminating the Card Room Coordinator position. As of July 1, 2005, all card room duties are now being sent to our Field Offices. As such, please send all card room related questions to your local field agent, rather than the Card Room Coordinator. Your local field agent will process your requests and answer all your questions related to card rooms. If you have any questions about the reorganization, please contact:

Cally Cass, Assistant Director of Field Operations

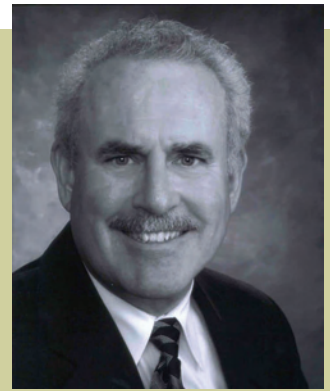
E-mail: CallyC@wsgc.wa.gov

Telephone: (360) 486-3579

Toll-free: (800) 345-2529, Ext. 3579 in-state only

New Commissioner and Ex-Officio

John Ellis was appointed as Gambling Commissioner and attended the February 2005, Commission meeting. Commissioner Ellis is an attorney with many years of experience in complex litigation, bankruptcy, public construction, and management. During 28 years with the Washington State Attorney General's Office (AGO), Commissioner Ellis served as one of the six Deputy Attorneys General responsible for the administration of the office, as Manager of the AGO Seattle office, as Chief of the Consumer Protection and Antitrust Division, as Chief of the Bankruptcy and Collections Unit, and as general counsel to the state Convention and Trade Center. He is a past Chairman of the Consumer Protection and Antitrust Section of the state Bar Association. Since 2001 he has practiced in his own law firm. He is a graduate of the University of Washington Law School and received his B.A. from the UW in political science. Commissioner Ellis is a Vietnam veteran.



Senator Jerome Delvin was appointed as the newest legislative ex-officio member of the Gambling Commission in March 2005. Senator Delvin has served in the Legislature since 1995. He is a lifetime resident of Benton County and represents the 8th legislative district. Senator Delvin is a Richland Police Officer and has served in that position since 1979. Ex-officio members act as liaisons to the rest of the legislature on gambling issues. They only vote on tribal/state compacts and amendments. Senator Delvin replaces former Senator Shirley Winsley.



Other ex-officio members of the Commission are Senator Margarita Prentice and Representative Alex Wood. One remaining Representative position is currently vacant.

Commission Meeting Schedule August—December, 2005

| | |
|---|---|
| August 11th & 12th | The Heathman Lodge , 7801 NE Greenwood Drive, Vancouver, WA 98662 – (360) 254-3100 |
| September 8th & 9th | Red Lion Hotel Pasco , 2525 N. 20 th Avenue, Pasco, WA 99301 – (509) 544-3910 |
| October 13th & 14th | Clarion Hotel & Conference Center , 1507 North 1st Street, Yakima, WA 98901 - (509) 248-7850 |
| November 17th & 18th | DoubleTree Guest Suites , 16500 Southcenter Parkway, Seattle, WA 98188 – (206) 575-8220 |
| December | No Meeting! |

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Do you have questions or comments about our newsletter: E-mail us! SusanA@wsgc.wa.gov

CALL OUR FIELD OFFICE CLOSEST TO YOU FOR REGULATORY OR OPERATIONAL QUESTIONS:

| | |
|-----------|----------------|
| EVERETT | (425) 339-1728 |
| KENNEWICK | (509) 734-7412 |
| RENTON | (425) 277-7014 |
| SPOKANE | (509) 329-3666 |
| TACOMA | (253) 471-5312 |
| WENATCHEE | (509) 886-6228 |
| YAKIMA | (509) 575-2820 |